

Intergovernmental Water Board

Meeting Minutes

December 14, 2005

Members Present: Patrick Carroll, Dick Winn, Tom Woodruff and Janet Zeider (TWD Alternate)

Members Absent: Beverly Froude and Bill Scheiderich

Staff Present: Dennis Koellermeier, Brian Rager, John Goodrich, Greer Gaston, and Twila Willson

Visitors: Henrietta Cochrun, Paul Owen, Gretchen Buehner,
Portland staff: Commissioner Randy Leonard, Eddie Campbell, David Schaff, David Hassett

1. Call to Order, Roll Call and Introductions

The meeting was called to order at 5:32 p.m.

2. Approval of Minutes – November 9, 2005

Commissioner Janet Zeider motioned to approve the minutes, Commissioner Dick Winn seconded the motion and the board voted to approve the November 9, 2005, minutes as presented; Commissioner Tom Woodruff abstained from voting as he did not attend the November meeting.

Dennis Koellermeier introduced Greer Gaston and John Goodrich, both new employees to Public Works.

3. Portland Contract – Portland's Commissioner Randy Leonard

Portland staff, Eddie Campbell, David Schaff, David Hassett and Commissioner Randy Leonard made a presentation and explained the materials they brought as part of their presentation. (Hard copies of the PowerPoint presentation and handouts are available in the Public Works Office.) The following items were points of interest:

- Portland has provided drinking water to wholesale customers for nearly 100 years
- Water is sold with guidelines (water sales agreements) which describe the terms for providing water
- Historically Portland has provided water to the region, wholesale customers and residents
- The current agreement negotiations have been underway since 2003
- A model agreement serves as the basis for individual agreements between Portland and each wholesale customer
- Portland has had two community meetings this year and more will follow next year
- Contract agreement is available to be reviewed until March 2006
- There are 19 wholesale customers
- Wholesale customer rates include cost of maintaining facilities that provide water including dams, treatment facilities, storage reservoirs, well fields

- Rate structure follows the AWWA standard
- Rate model being implemented and will be completed in early 2006 to reflect the proposed agreement
- Finished rate model will produce exact rates for wholesale customers
- There will be no impact to retail rates if all the wholesale customers sign the new agreement
- The current agreement differs from the proposed agreement - a take or pay agreement
- Wholesale customers select a fixed amount of water they want to purchase each year, but by mutual agreement the guaranteed purchase amount can be increased
- Periodically interruptible water will be available to sell to the wholesalers at a discounted price after the in-city demand is met
- Projected growth demands can be negotiated for future agreement additions
- Term of Agreement – 20 years for the initial term with 10-year renewals; 5-year notice for non-renewal by either party
- Aiming for the new agreement to be effective July 1, 2006
- Water Managers Advisory Board (made up of representatives from the wholesale customers and Portland) coordinate operational functions and provide a forum
- Portland and wholesale customers will conform to state water planning/conservation standards
- Joint curtailment plan (Emergency Interruption of Supply) to be developed by Portland and wholesale customers for approval
- Key dates – March 1 – rate model completed
3rd public forum and presentation of agreement to Portland City Council
May 22 deadline date
- Website: www.portlandonline.com/water
- Comments: comments@water.ci.portland.or.us

PUBLIC COMMENT:

Gretchen Buehner distributed a letter addressed to the Intergovernmental Water Board (available in Public Works Office files) and stated she has had a long history with the Bull Run through her grandfather and previous personal history serving on the IWB. She addressed the board about the Willamette River and past voter results; she referred to Commissioner Sten and changes in Portland's direction. She said the IWB has looked at the Joint Water Commission (JWC) and Lake Oswego in the past, but thought going to the Willamette River would be cheaper than to go with Portland. She sees a move toward Portland repeating what they have done in the past and urged the board to be cautious so history would not be repeated.

No further public comments were made.

Commissioner Tom Woodruff thanked Portland staff and Commissioner Leonard for their presentation. He stated that there was a growing concern about the cost for water and a continued interest by citizens in the Tigard Water System area to obtain ownership of water. Tigard has been looking for water at reasonable rates and with flexibility in the agreement. Other options may become available to Tigard in the future and he was hesitant to make recommendations to Council.

Commissioner Leonard said the Portland retail and wholesale customers have both been unhappy about Portland Water Bureau administration results. He does not think going to the Willamette River is a bad thing at all and it creates diversity. He also sees the concerns

wholesale customers have about the length of the proposed contract. He invited the board to tour the watershed area, stating the best water in the world comes from the Bull Run.

Mr. Koellermeier said there are no peaking penalties in the new Portland contract; the trade for peaking penalties was the take or pay contract. Interruptible water possibilities could keep the prices down.

Commissioner Patrick Carroll said the peaking penalties have cost Tigard \$1m in the past, which he viewed as an immoral arrangement. Tigard only has prior history to judge Portland by even though some issues were traded in the new contract.

Eddie Campbell said the new concept came about from the wholesale customers being concerned about fluctuating prices and there would be more predictability with this concept.

Commissioner Woodruff stated it was not unreasonable for a 5-year period, but it was unreasonable for a 10-year period or more.

Commissioner Leonard stated Portland was not interested in aggressively acquiring more wholesale customers. Their goal was to provide water to their current wholesale and retail customers. Portland is also interested in interconnecting for other water sources. He reiterated that Portland is not interested in expanding beyond who their current wholesale customers are. He was very understanding as to why Tigard was interested in other options as water sources.

Commissioner Woodruff said it appeared the incentive to wholesalers was to buy as little as possible with the option to purchase interruptible water at the lower price and expand on the amount.

Eddie Campbell said there were incentives built into the agreement that would allow for long-term certainty. Portland needs to make it clear what percentage they require to meet their requirements. If all the wholesale customers were to leave, it would cause about a 20% increase to their retail customer's rates.

The presentation Portland made to Tualatin Valley reflected similar concerns as those that have been expressed by the IWB.

Commissioner Woodruff asked if this was a take it or leave it agreement and David Schaff said it was not, the wholesaler's perspective was important to them, and bargaining was still possible.

Commissioner Leonard stated that many of Portland's retail customers think that the wholesale customers are getting too good a deal now and some do not want any agreement at all.

Commissioner Woodruff stated that if it came down to a battle with residents and wholesalers, the residents should be served.

The board once again thanked Portland for their presentation. Commissioner Leonard again invited the board for tour of the Bull Run, perhaps when the weather gets warmer.

Commissioner Carroll requested an item by item discussion of proposed contract to review pros and cons on each item. Mr. Koellermeier said this request would be covered in the future as an item on the agenda.

4. Long Term Water Supply Update – Dennis Koellermeier

Dennis Koellermeier proposed a schedule to meet the upcoming deadlines. May 22nd was the focused deadline for Portland as well as the other source options. He did not think there was any point in a thorough review until the Portland Rate Model is completed in March.

Dennis Koellermeier stated he was planning to have the JWC make a presentation to the board in January and the City of Lake Oswego in February. In April Tigard would present a cost comparison and review methodology.

The board discussed the need to look to the future and fix a low water demand amount for the Portland agreement.

Tualatin Valley will be asking their voters to use the Willamette River in the next election.

Lake Oswego staff is trying to get negotiations with Tigard presented to their Council.

The Joint Water Commission will have both dam comparisons completed in April.

At the Joint meeting with council next week, staff will propose working on criteria. If ownership is the main issues, staying with Portland is futile. Mr. Koellermeier thinks a bridge contract would be a possibility if the deadline with Portland is not met.

5. Status Report on the Tigard Water Building – Dennis Koellermeier

(This item was skipped over and will be presented at the January meeting.)

6. Informational Items – Dennis Koellermeier

7. Public Comments

Henrietta Cochrun expressed concerns with the Portland filtration plant issues.

8. Non Agenda Items

9. Next Meeting - Wednesday, January 11, 2006, 5:30 p.m. – Water Auditorium Also: Joint Meeting with Tigard City Council Tuesday, December 20, 2005, Town Hall (time to be announced)

The scheduled time on the agenda for the joint meeting with Tigard City Council is at about 8:30 or 9:00 p.m.

10. Adjournment – Approximate Time 7:00 p.m.

Commissioner Dick Winn motioned to adjourn, Commissioner Janet Zeider seconded the motion and the board voted unanimously to adjourn at 7:13 p.m.